



# Youth Enterprise in Asia: Policies and Programmes

The Association of Southeast Asian Nations

International Labour Organization

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# Foreword

In the past decade, there has been growing commitment by national governments and the international community to address the challenge of creating decent and sustainable jobs for youth. Such commitments have been contained in the Millennium Declaration in 2000, the ASEAN Manila Declaration on Strengthening Participation in Sustainable Youth Employment in 2003, and the Ministerial Declaration by the high-level segment of the United Nations Economic and Social Council in 2006. At the 14<sup>th</sup> ILO Asian Regional Meeting, which launched the Asian Decent Work Decade, the tripartite constituents of the countries of the region also committed to promote “decent work opportunities and access to entrepreneurship for young women and men, especially through facilitating the school-to-work transition and the sharing of good practices.”

The ILO supports its member States towards achieving productive employment and decent work for young people through building knowledge, advocacy and technical cooperation. The ILO also hosts the secretariat of the UN Secretary-General’s Youth Employment Network (YEN), a partnership between the UN, the World Bank and the ILO. As part of the YEN, governments are encouraged to develop national action plans that address the youth employment challenge, focusing on four main priorities; namely, employability, equal opportunities, entrepreneurship and job creation. The ASEAN Secretariat is also supporting its Member Countries in the implementation of the ASEAN Manila Declaration on Strengthening Participation in Sustainable Youth Employment and the Vientiane Action Programme, under which youth entrepreneurship is an important element. In November 2007, the ILO and the ASEAN Secretariat joined forces to organize an ASEAN+3 workshop on youth entrepreneurship, during which this paper was presented.

This report examines a range of international, regional and national youth entrepreneurship initiatives with a focus on ASEAN member countries. It is intended to add to the knowledge base on youth entrepreneurship policies and programmes, in an effort to promote future policy dialogue and interventions. The report is also an example of sharing information and research findings, an important component of the Cooperation Agreement that was signed in 2007 between the ILO and the ASEAN Secretariat. The report is timely considering the current global economic and financial crisis and the need to find creative and innovative ways to address youth employment challenges through enterprise.

We would like to thank Dr. Simon White for preparing this report which also benefited from substantive technical support and inputs made by Kee Beom Kim, Leah Mosel, Madeleine Moss, Urmila Sarkar and Gyorgy Sziraczki. The report also benefited from the discussions and inputs of the ASEAN+3 Workshop on Youth Entrepreneurship.

We hope that this report will be a useful reference for policy and programme formulation concerning youth entrepreneurship across the Asia-Pacific region.

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# Executive Summary

Youth unemployment and underemployment in Asia requires urgent attention and, while enterprise ownership and management is not suited to all, a part of the government's response to increasing levels of youth employment should include the promotion of self-employment as a career option.

Undeniably, young people are an asset that can be mobilised for national social and economic development. The disadvantaged position many young men and women experience in the labour force does not reflect the resourcefulness, creativity, skills and capabilities of the current generation. The promotion of youth-owned and managed enterprises is a critical strategy for unleashing the potential of this generation to contribute to national and regional development.

The ILO hosts the secretariat of the Youth Employment Network and in addition to the work the ILO has been doing through the network, the ILO provides regular assistance globally to develop coherent and coordinated interventions on youth employment through its Youth Employment Programme. The ILO approach has been one that is pro-employment and pro-youth with targeted interventions to overcome specific disadvantages faced by youth in entering and remaining in self or wage employment. Efforts in this field are guided by the recognition that effective policies and programmes are needed to improve youth living standards in general, and to facilitate their full integration into society, including through enterprise development.

ASEAN Member Countries have also recognized the need to collectively address the youth employment challenge. In 2003, ASEAN Member Countries adopted the Manila Declaration on Strengthening Participation in Sustainable Youth Employment. Youth entrepreneurship is an important element of the Vientiane Action Programme. In 2007, the ASEAN Secretariat with the support of the ILO organized a workshop on youth entrepreneurship, aimed at the exchange of good practices in the area.

This document examines the range of international and regional initiatives governments and international development organizations have undertaken in recent years to address the growth in youth unemployment. In all of these initiatives, national governments are encouraged and supported to take the lead in adopting policies and programmes that address youth unemployment. This includes the promotion of the self-employment option for young women and men.

It is important to note also that in countries where social protection measures are limited and where very few young people can afford to be unemployed, the youth employment problem is often one of underemployment, low pay, low quality and sometimes hazardous jobs in the typically large informal sector. Consequently, the promotion of productive and decent employment options through sustainable enterprise development for young women and men is of particular importance.

Governments are also encouraged to develop national action plans that address the youth employment challenge by focusing on four main priorities:

- 1 Employability: investing in education and vocational training for young people, and improving the impact of those investments;
- 2 Equal opportunities: giving young women the same opportunities as young men;

- 3 Entrepreneurship: making it easier to start and run enterprises to provide more and better jobs for young women and men; and
- 4 Employment creation: placing employment creation at the centre of macroeconomic policy.

Indonesia was the first country to design a national youth employment programme as a part of the Youth Employment Network. Viet Nam has also prepared a national youth programme under the auspices of the network, known as the Youth Employment Action Programme (2006-2010).

This document draws on a wide range of practical examples of youth enterprise development policies and programmes within ASEAN. It examines the elements that, when combined, provide a comprehensive response to the needs and opportunities facing young people in business.

The design of youth enterprise policies and programmes should recognise the various entry points or pathways into enterprise. The challenge is to increase the number of pathways into enterprise for young women and men; presenting self-employment as something other than an option of last resort. The use of pathways recognises the different resources and capacities young men and women can bring to business, and the different agencies and stakeholders that can influence their success.

Role models are a powerful means of promoting youth enterprise; they can teach as well as inspire young people to consider the self-employment option. The development of a more entrepreneurial culture and the use of business competitions are also proven strategies for successful youth enterprise development.

The school environment can have an important impact upon young women and men and is a significant influence on the life and career aspirations of young people. Thus, the use of enterprise-focussed curriculum and educational experiences that allow young men and women to explore and consider self-employment has been recognised in many countries in Asia.

It is important for all types of development practitioners - youth workers, business development officers, trainers, advisers and community workers - to be aware of their roles and responsibilities in promoting youth enterprise. These development partners are faced with the challenge of creating a climate and environment in which young people can learn to be enterprising.

Governments have an opportunity to identify the particular needs, challenges, opportunities and capacities young women and men can bring to the formation and expansion of small businesses. Whilst the design of a national youth policy and national action plan provides the general framework for such efforts, so do policies related to small business, industrial development, education as well as vocational education and training.

Governments can support the development of viable and competitive youth enterprises by creating policy frameworks that specifically support and direct opportunities for youth enterprise promotion, providing a basis for strategy and programme development. They can develop specific programme and strategy interventions, which promote businesses that are owned and managed by young women and men; and they can facilitate linkages between different stakeholders involved in youth enterprise development (e.g., by bringing youth agencies and business organizations closer together).

The choices governments make in supporting youth enterprise initiatives will often be influenced by national priorities as well as by the resources available to the state. Developing countries in the region can focus their efforts on a policy framework that identifies the specific needs and opportunities for youth enterprise development. Governments with more resources on the other hand, can introduce a broader range of interventions that support youth development with a specific focus on youth employment and enterprise concerns. It is important to ensure that these interventions do not distort the market for business development services and that the private sector is constantly involved in these efforts.

While government must take the lead, efforts will be more successful if this is done in close partnership and collaboration with the private sector, employers and workers organizations, as well as other civil society

organizations. This is particularly important in the context of youth start-up enterprises where union awareness and membership is limited and working conditions are often of poor quality. The Manila Declaration of the AMMY encourages governments to establish a network of young businesspeople nationally and across the ASEAN region. Collaboration and the sharing of good practices in youth entrepreneurship across the ASEAN +3 member countries can indeed contribute to unleashing the potential of young people to contribute to social and economic development in the region.



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# 1 Introduction

While unemployment in the ASEAN region has remained a key challenge in the past decade, young women and men in the region have experienced disproportionately high levels of unemployment. In 2007, there were more than 9 million unemployed young women and men in the ASEAN region.<sup>1</sup> Although youth aged 15 to 24 accounts for only about a quarter of the labour force, this group accounts for 57 per cent of the region's jobless in 2007. The total number of unemployed young people in the region has risen from almost 6.2 million (11 per cent) in 1995 to nearly 9.4 million (16 per cent) in 2007.<sup>2</sup>

The rise started with the Asian financial crisis, but despite the region's recovery, young people have found it increasingly difficult to secure decent and productive employment in some ASEAN member countries. In 2007, youth unemployment rates reached 10.9 per cent in Malaysia, 14.9 per cent in the Philippines and an especially alarming 25.1 per cent in Indonesia. But youth unemployment rates in other countries where data is available remained below 9 per cent, indicating that the youth unemployment challenge is more serious in Indonesia, Malaysia, and the Philippines, and less so in other ASEAN member countries.

The ratio of youth unemployment to adult unemployment is a good indicator of the problems that young jobseekers face compared to their adult counterparts. Although the ratio for the ASEAN region as a whole decreased from 5.5 to 5.0 from 1996 to 2007, the region has one of the highest ratios of youth to adult unemployment rates in the world. In comparison, youth in the developed (industrialized) economies in Asia-Pacific are approximately 2.4 times as likely as adults to be without work. It is important to note that the high ratio of youth to adult unemployment rates for ASEAN as a whole is heavily influenced by trends in Indonesia, the most populous country in the region. Nonetheless, countries such as Malaysia and Thailand have ratios of youth to adult unemployment rates of around 7.

Concentrating on unemployment trends in countries without effective unemployment support mechanisms runs the risk of excluding from the analysis the less fortunate, who simply cannot afford to be unemployed. The young working poor often have no option but to accept any employment options often with long working hours, limited or no protection against hazards and risks, on informal or precarious contracts, with low pay and little or no social protection.

Unemployment among young women in the ASEAN region is higher than it is among young men. In Asia as a whole, the gender gap can be significant in terms of differences in income and in women's access to productive resources, credit and business or livelihoods as compared to men. While the participation in economic activities is growing, young women still take on a disproportionate share of unpaid work including household responsibilities and childcare.

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1 ILO: Labour and Social Trends in ASEAN 2008: Driving Competitiveness and Prosperity with Decent Work (Bangkok, 2008).

2 In 2005, the ILO estimated the number of employed young people in the world to be 548 million, an increase of 20.1 million from ten years before. The number of young unemployed increased from 74 million to 85 million between 1995 and 2005, an increase of 14.8 per cent. Unemployed young women and men make up almost half (43.7 per cent) of the world's total unemployed despite the fact that, in comparison, the youth share of the total working-age population (ages 15 and over) was only 25.0 per cent (ILO 2006).

In several of the ASEAN member countries for which data is available, jobless young people account for more than half of the total unemployed. Unemployed youth represent 52.4 per cent in Thailand and more than 60 per cent in Cambodia, Indonesia, and Malaysia. One reason for this lies in the demographic profile of the countries; due to rapid population growth. Another reason is rapid urbanization involving significant migration from rural areas to cities and metropolises. Typically, young women and men are more mobile than adults, and they represent the majority of migrants. As a result of rural-urban migration, the employment status of young people often changes: from underemployment in rural settings to unemployed job-seekers in urban areas, at least for a period. Those young people who are able to find employment in urban areas are likely to be engaged in the expanding urban informal economy.

Equally important is that job creation in these countries is insufficient to absorb a large number of new entrants into the labour market by the public sector and large-scale private enterprises. In countries with higher income levels, young people account for a smaller share of the total unemployed. For instance, Singapore, which has an ageing population and low birth rate, has the lowest proportion of young people among their unemployed.

Designing and implementing youth enterprise promotion policies and programmes have become increasingly important for many governments in Asia and globally to address the youth employment challenge. This report examines the role that governments, in partnership with tripartite constituents and civil society, can play in addressing youth unemployment in the region through the promotion of youth-owned and managed enterprises. It also provides case studies of selected ASEAN programmes aimed at addressing the youth enterprise challenge.

Chapter 2 begins this assessment by reviewing some of the key international and regional (i.e. ASEAN) initiatives that have recently been undertaken to address youth employment and unemployment concerns. These initiatives provide support and guidance to ASEAN member countries in their efforts to provide young people with new opportunities for meaningful and productive employment. Chapter 3 focuses on the specific issues and challenges of youth enterprise promotion and looks at the kinds of programmes that can be used to promote youth enterprises and illustrates this with examples of ASEAN programmes. Chapter 4 deals with the mechanisms that can be used to deliver youth enterprise promotion services and some of the issue affecting the financing of these services. Chapter 5 concludes by examining the role of governments, the private sector and local communities in youth enterprise promotion.

ASEAN member countries are encouraged to adopt a proactive approach to the promotion of youth enterprises. Government leadership is crucial and must work in close collaboration with the private sector, employers and workers organizations, as well as with local community organizations.

# 2 Policy and Programme Frameworks

This chapter examines the international and regional frameworks for youth enterprise promotion. It does this first, by briefly reviewing the role of youth development and youth employment within the national context for development. One of the key mechanisms for this is the formulation of a national action plan for youth development and employment promotion. This chapter also highlights the identification of youth employment and enterprise concerns within broader employment and economic development frameworks.

## 2.1 National Frameworks for Youth Development

Since the mid-1990's, there has been a growing interest and commitment by national governments to the concept of a national youth policy which recognises and addresses the specific needs and development opportunities facing their young women and men. Such interest has been supported internationally through various promotion and support initiatives.<sup>3</sup> The most recent initiative to address the concerns of youth development has been the establishment of the Youth Employment Network.

The United Nations, the World Bank and ILO have established the Youth Employment Network to develop global strategies with employment as the overarching goal. The Youth Employment Network, based on a new approach and commitment between national governments and global organizations toward full employment, is based on three key policy premises.

The first is that young people are an asset in building a better world today, not a problem. In the next ten years, 1.2 billion young women and men will enter the working population as the best educated and trained generation of young people ever and a great potential for economic and social development. Approximately 108 million young women and men between the ages 15 and 24 years live in the ASEAN member countries. They are referred to as the 'Millennium Generation', the generation of young Asians who are entering the labour force for the first time during the twenty-first century. What they do – as workers, entrepreneurs, innovators, agents of change, citizens, leaders and parents – will shape economic, social, political and technological developments. They are the region's greatest assets, but their potential is not being fully realized because they lack access to productive and decent work.

The second is that heads of State and Government at the UN Millennium Summit gave a firm political commitment to developing and implementing strategies that give young people everywhere a real chance to find decent and productive work.

The third is that there is great potential for improving the employment situation through the integration of public policies for young women and men in overall employment policies and by making full employment an overarching goal for global economic and social strategies and for national policies.

In 2001, the UN Secretary General appointed a High-Level Panel of 12 experts and practitioners on youth employment to advise the heads of the UN, the World Bank and the ILO on youth employment policy and to

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<sup>3</sup> Such as the Youth Policies and Programmes Unit of the United Nations, the Youth and Sports Activities Division of UNESCO, and the Commonwealth Youth Programme of Commonwealth Secretariat.

mobilize opinion and action in favour of youth employment worldwide. Their 2001 policy recommendations provide overall guidance for the Youth Employment Network.<sup>4</sup>

The ILO's Global Employment Agenda presents a coherent and coordinated international strategy on employment. The Youth Employment Network also encourages governments to take the lead in these processes and develop integrated approaches to employment policy. Employment policy is not a sectoral policy among others; it is the successful mobilization of all public policies with the aim of getting people into full and productive employment.

National governments are encouraged to develop national action plans that address the youth employment challenge and focus on four main priorities:

- 1 Employability: investing in education and vocational training for young people, and improving the impact of those investments;
- 2 Equal opportunities: giving young women the same opportunities as young men;
- 3 Entrepreneurship: making it easier to start and run enterprises to provide more and better jobs for young women and men; and
- 4 Employment creation: placing employment creation at the centre of macroeconomic policy.

The ILO has prepared guidelines to assist governments in the formulation of national action plans. In the years following 2001, the High-Level Panel and the three lead international agencies have continued to support, facilitate and monitor the development and implementation of national action plans.

Indonesia was the first country to design a national youth employment programme as a part of the Youth Employment Network. Viet Nam has also prepared a national youth programme under the auspice of the network, known as the Youth Employment Action Programme (2006-2010). In 2005, the first Youth Employment Network office in Asia was established in China in collaboration with the All China Youth Federation.

The Resolution Concerning Youth Employment (from the 2005 International Labour Conference) called for a life-cycle perspective that promotes intergenerational solidarity. This focuses on the stages of life when people are vulnerable to falling into poverty. Opportunities and experiences during their most formative stages shape people's access to decent work and their chances of security and protection for the rest of their lives. If they are to manage the transition from school to work and begin a virtuous cycle of development and poverty reduction, young people need to be better prepared for the world of work.

## 2.2 Responding to Employment Challenges

National governments are faced with a wide range of employment challenges, including the need to address the substantial concerns of young women and men. This is often done through the formulation of national employment policies and other related policies, such as those concerning skills development, small business promotion and poverty reduction. The ASEAN Ministerial Meeting on Youth (AMMY) was established in 1992 and meets once every three years. On 3-4 September 2003, the Fourth ASEAN Ministerial Meeting on Youth was held in Manila. This meeting produced the Manila Declaration on Strengthening Participation in Sustainable Youth Employment. The declaration contains ten broad commitments by member countries:

- 1 Improve the availability and quality of human resources training and leadership development programs designed specifically for ASEAN youth so that they are better equipped to participate in

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<sup>4</sup> Document A/56/422, United Nations General Assembly, Economic and Social Council, 2001.

the growth and development efforts of their respective countries;

- 2 Ensure that all youth sub-sectors, particularly out-of-school youth, youth with special needs and youth-at-risk, are given appropriate access to policy and program development both as beneficiaries and partners in sustainable employment;
- 3 Prioritise entrepreneurship and sustainable employment on ASEAN's development agenda to open new opportunities for the young people that would allow them to create a better future for themselves and their ASEAN community;
- 4 Create a nurturing environment conducive for the development of young entrepreneurs with access to education, skills-training, and capacity-building that is essential for increased productivity and self-employment;
- 5 Promote the spirit and the culture of entrepreneurship among the ASEAN youth and facilitate the establishment of small and medium-sized enterprises that would create jobs and address the unemployment issue of young people so that they would become productive partners for a strong ASEAN region;
- 6 Establish a network of young entrepreneurs at the national and ASEAN level so that they could link up and together build their capacities and skills for better competitiveness in the global market place;
- 7 Strengthen the participation of youth volunteer groups and organisations in the socio-economic development process so that they would be able to augment and complement government and non-government resources and efforts directed at youth development;
- 8 Enhance and strengthen international, regional, and national partnerships with educational institutions so that they can perform an active role in improving the skills, competence, and employability of ASEAN youth, as well as help in developing an integrated and systematic enterprise development and youth employment program for the region;
- 9 Encourage closer linkages between ASEAN and other like-minded organizations addressing youth employment concerns to further pursue innovative approaches in jointly addressing the global challenge of youth employment; and
- 10 Implement the ASEAN Work Programme on Preparing ASEAN Youth for Sustainable Employment and Other Challenges of Globalisation, adopted by the Fourth ASEAN Ministerial Meeting on Youth.

### **Box 1: Youth Employment Action Programme; Viet Nam**

The government of Viet Nam aims to promote and support self-employment for young people, especially those in rural areas. This is seen as an important response to national employment challenges. The government's goal is to increase the number of young people involved in self-employment by 100,000 from 2006 to 2010. The strategy to realize this goal includes vocational and business management training for young people, the promotion of enterprise and improvement of knowledge of business management skills for students at school, and the creation of better conditions for young people. The strategy also includes the development of businesses support services.

### **Box 2: Youth Professional Entrepreneur Development; Indonesia**

The TKPMP programme, *Tenaga Kerja Pemuda Mandiri Profesional* or Youth Professional Entrepreneur Development (YPED) is the champion of the youth employment program of the labour ministry in Indonesia. This program has been in operation for long time and is considered successful. Even though the target group covers only college or university graduates, the indirect target is expected to spill over onto the less educated young people. After completing the training program those young graduates are expected to be able to establish their own business and could also create employment for others who might not be university or college graduates.

The ASEAN Ministerial Meeting oversees the implementation of the Vientiane Action Programme (VAP). The VAP calls for increased participation of young women and men in the productive workforce. This supports the sectoral work by the AMMY and its senior officials in implementing a regional work programme that focuses on preparing the ASEAN youth for sustainable employment and the challenges of globalisation. Over 2006-2007, ASEAN will prioritise projects in three areas: youth entrepreneurship and employability, youth leadership, and ASEAN awareness.

Employment creation policies and programs that include certain groups of the labour force, such as unemployed and underemployed young people in urban and rural areas are designed not only to reduce youth unemployment but also to create permanent jobs. The promotion of youth enterprise should complement and support a broader youth employment policy. It should place youth enterprise development within the context of education and training, industrial relations, skills development, apprenticeships, traineeships and other forms of vocational opportunities. These policies should also be supported through sound macro-economic policies that foster youth entry into the labour market; wage-setting institutions, employment protection legislation, contract regulations and tax and benefit systems all have an important role.

### **Box 3: Medium Term Youth Development Plan; Philippines**

The National Youth Commission (NYC), in line with its function to formulate a national framework for youth development, has prepared a Medium Term Youth Development Plan for 2005-2009. The plan identifies indicators for program implementation, veering away from the broad strokes approach. The NYC has also held a series of consultations with youth sub-sectors and programme partners for inputs on a draft plan done together with youth sector experts and youth program implementers. The Medium Term Youth Development Plan serves as a guide for government agencies to utilize in the proposal or implementation of youth-related programs.

## **2.3 Promoting Youth Enterprise**

There are many good reasons to promote enterprise amongst young women and men. Youth enterprise helps young people develop new skills and experiences that can be applied to many other challenges in life. It creates employment, both for the young person who owns the enterprise and those employed in the business. Youth enterprise provides valuable products and services for the country and promotes innovation and development – it encourages young people to find new solutions, ideas and ways of doing things. Moreover, by engaging young women and men in productive economic activities, a new resource for innovation and change can be accessed. Young people bring new ideas and approaches. They can present alternatives to the organization of work, the transfer and use of technology and a new perspective to the market. Furthermore, enterprise education provides valuable life skills; an entrepreneurial mindset promotes confidence, communication and decision making skills. This aspect of enterprise education has the ability to benefit young people regardless of whether or not they go on to begin their own business.

However, youth enterprise is not the solution for youth unemployment alone. There are certain situations and conditions where youth enterprise should not be promoted. Especially when it is only concerned with ‘keeping young people busy’, or where it sets young women and men up for failure by not providing sufficient support. Youth enterprise can sometimes be presented as a solution to all the problems of the economy (e.g., ‘small business alone will save the economy’) or of young people (e.g., ‘young people must address their problems themselves by starting their own business’). It can encourage unrealistic ideas of quick wealth acquisition and can encourage young men and women to start business when there is no market or too many competitors.

A review of various international models of youth enterprise promotion programmes has found the promotion of youth enterprise involves two basic steps.

Firstly, it should create awareness and understanding of what enterprise is and what it takes to own and manage a business. This should allow young men and women to realistically consider the suitability of self-employment as a career option.

Secondly, once a young person has decided to explore further or to start their own business, the youth enterprise promotion programme can address the ways young people gain access to business and financial services.

Some youth enterprise programmes attempt to take the second step first; they are overly enthusiastic about getting young men and women into enterprise. They try to 'sell' enterprise as the best option for everyone and forget that successful enterprise development begins with initiative. Initiative, that is, of young women and men themselves.

When designing programme services for young men and women interested in starting their own business it is important to identify their specific areas of need and opportunity. Young women and men share many of the problems the general population experience in small business development including a lack of business acumen and management skills and abilities; inadequate, inaccurate or non-existent financial records; an inability to cope effectively with fluctuating costs and prices; and taking too much money from the business for personal uses.

In addition, there are many young men and women who have limited language and communication skills, as well as poor education which can affect their ability to deal with numbers (e.g., book-keeping and stock control). This is especially true in the case of disadvantaged young people. Cultural and language issues and traditional roles can limit the effectiveness of enterprise promotion programmes and act as a barrier to youth entrepreneurship. This reinforces the need for entrepreneurial education programmes to be adapted to specific circumstances and client needs.

Young people also have limited business networks and contacts compared to older people, leading to isolation and increased pressure. There are fewer relevant role models, which show that young men and women can succeed in business – this often means that young people in business see themselves as not being normal, being different to others compared to others their own age. Finally, young people suffer from a lack of credibility often due to age discrimination – where older people, customers, suppliers, or bank staff, tend to not take young people seriously.

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The issues outlined above set the broad areas of focus for sound youth enterprise policies and programmes. This chapter has highlighted the significant contribution youth enterprises can make to address the challenges created by high levels of unemployment among young women and men, while advising on the need for balance so that youth enterprise is not presented as a panacea to these problems.

The importance of locating youth enterprise promotion activities within a broader framework for youth development and national action plans for youth employment has also been emphasised. The details of strategy and programme interventions are presented in the following chapter.



# 3 Youth Enterprise Support Programmes

Youth enterprise support schemes incorporate a range of forms of assistance that address key elements involved in creating and sustaining new viable enterprises. Firstly, they involve the promotion and introduction of self-employment as a career option. Secondly, they involve the provision of business and financial services. Each of these is examined in detail below.

## 3.1 Promotion and introduction of the self-employment option

The design of youth enterprise policies and programmes should recognise the various entry points or pathways into enterprise. The most popular motivation for self-employment is to ‘make my own job’. For many, this decision may be made when the young man or woman is unemployed – having tried unsuccessfully to gain formal employment or to continue studies. The challenge then, is to increase the number of pathways into enterprise for young women and men; presenting self-employment as something other than an option of last resort.

The use of pathways recognises the different resources and capacities young men and women can bring to business, and the different agencies and stakeholders that can influence their success. Clearly, there are many factors influencing young men and women in their considerations about self-employment. Successful youth enterprise development is more likely to occur when these factors are recognised and where an environment for enterprise

### Box 4: LiveWIRE in Asia

LiveWIRE **Brunei** was launched in May 2001. The programme is delivered in partnership with the Resource and Standard Centre of the Government of Brunei Darussalam, KPMG, HSBC, SEAMEO-VOCTECH the Vocational and Technical Training Centre, The Holiday Lodge (Brunei’s premier resort hotel) and Shell Brunei. The programme offers an enquiry service and access to Bright Ideas Workshops and Become a Successful Owner Manager courses. These workshops and courses are frequently over subscribed. See <http://www.livewire-brunei.com>

LiveWIRE **Singapore**, launched in August 2000, aims to encourage and help young people set up businesses by promoting enterprise awareness and facilitating the development of business and management skills. Through a partnership between the Institute of Technical Education, the Institute of Technical Education Alumni Association, Singapore Press Holdings Chinese Newspapers Division and Shell Companies in Singapore, the programme offers talks on entrepreneurship, specialized training modules and expert advice on business start-ups. The annual Young Business Start-Up Awards is a platform for young businesses to build networks and gain public recognition.

LiveWIRE **Hong Kong**, co-organized by Shell Hong Kong Limited and The Hong Kong Federation of Youth Groups, provides a comprehensive package of support through the different stages of a business start-up - from the initial concept to turning the idea into reality; free information, advice and support; opportunity to learn about yourself and your career development; comprehensive and professional business training will be provided to assist participants in putting their business idea into practice; and practical and valuable experience from successful young entrepreneurs through the opportunity to interact with them.

can be created. Some specific measures developed to promote the self-employment option to young women and men are outlined below.

### 3.1.1 Promotion of Role Models

Role models are a powerful means of promoting youth enterprise. If presented properly they can teach as well as inspire. There can be great value in implementing actions to promote self-employment as a genuine career alternative for young people; particularly as an avenue for achieving higher levels of financial reward and work satisfaction rather than focussing on self-employment as a means of escaping the negative circumstances of unemployment. Role models have become recognised as a valuable means of helping young people consider and explore self-employment as a career option.

#### Box 5: Krung Thai Young Enterprise Awards; Thailand

After the economic crisis, it was recognised that business management skills had to be improved, especially among micro and small business owners. It was within this context that the Krung Thai Young Enterprise Awards were launched. The Krung Thai Bank envisions that 'one way of increasing the potential of our country is through our youths. By instilling a knowledge and desire to do business, we hope they will build up new enterprises in the future. In 2002, the Board of Directors initiated the Krung Thai Young Enterprise Scheme with the purpose of giving Thai youths an opportunity to express their initiatives in the business world and be able to try out in reality. A major element of this scheme is the Krung Thai Young Enterprise Awards

### 3.1.2 Youth Business Competitions

Competitions are a way of raising the profile of young women and men in business, whilst providing a special incentive for participants who aim to win. However, the results of such competitions are much broader – they attract young men and women to the support services offered as a part of the competition.

LiveWIRE is a programme established in the United Kingdom in 1982 providing an opportunity for young women and men aged between 16 and 30 years to explore and develop a business idea. Each year young people with a business idea complete a simple Livewire Start-up Entry Form and are then linked with a local business adviser (or mentor) who provides free business advice. Once a business plan is prepared it is submitted to a panel of judges who assess it and award prizes to the best plan. The competitions are organised on a regional basis, with the winner of each region going on to a national competition. This programme provides many new opportunities for exposure through the media.

LiveWIRE is now a global community initiative to encourage young people and those to whom they turn for advice and guidance, to see starting a business as a desirable and viable career option. Working through local enterprise development organisations and partnerships with schools, universities, governments, other corporations and community programmes, LiveWIRE delivers practical support to those people as they develop the skills needed to plan, launch and manage new business enterprises.

### 3.1.3 Promoting an Entrepreneurial Culture

While Asia is often praised for its entrepreneurial culture, not all countries in the region share this characteristic. In some countries, young people do not wish to start their own business; self-employment does not command much social status and young people are under considerable parental pressure to find employment that is in line with common status perceptions. The high cost of starting up a small business - from registration, licensing to loan rates among local banks - and the "un-education" of youth in enterprise development have also been found to be major deterrents to self-employment for young people.

An enterprise culture has been defined as ‘a set of attitudes, values and beliefs operating within a particular community or environment that lead to both ‘enterprising’ behaviour and aspiration towards self-employment’. There are three common cultural influences affecting a person’s decision to go into business. These are, firstly, parents or relatives – those who have parents or relatives working in a small business are more likely themselves to start their own business. Secondly, previous experience in small business employment – those who have worked in small enterprises as employees are more likely themselves to start their own business. Thirdly, enterprising environments – those young people who work in organizations that allow them a great deal of independence and freedom of operation under conditions of uncertainty are more likely themselves to start their own business.<sup>5</sup>

### **Box 6: Technology Livelihood Education; Philippines**

In the Philippines, the Department of Education has been providing entrepreneurship education and training at the secondary level through the income generating projects in Technology Livelihood Education subject as well as in the Youth Entrepreneurship and Cooperatives in Schools Program. It envisions a shift from an employment-seeking mindset to an employment-creating culture among secondary students through education and training on entrepreneurship attitudes, knowledge and skills.

Thus it is important to recognise the wide range of influences that can lead a young person to consider starting an enterprise and, when promoting youth enterprise, to find ways to ensure young men and women benefit through these.

### **3.1.4 Use of Enterprise-Focussed Curriculum**

The use of enterprise-focussed curriculum and educational experiences that allow young men and women to explore and consider the self-employment option has been recognised in many countries. The school environment can have an important impact upon young women and men and is a significant influence on the life and career aspirations of young people. ‘Enterprise education’ has become an important part of many education and training institutions around the world. It is seen as an important ingredient in preparing young women and men for their movement from school, college or university to the workplace for students to understand and consider self-employment as a career option.

There are two general types of enterprise education. The first is learning about business development, administration and management. The second is developing the skills of enterprise through teaching methods that encourage responsibility, initiative and problem solving.

The purpose of enterprise education can vary according to the type and level of education institution involved. In schools, for example, the main objectives of enterprise education are to teach and encourage enterprise to students and to foster their personal development, whereas at higher education institutions, such as colleges and universities, students may be exposed to learning

### **Box 7: ILO’s Youth Employment Project; Indonesia**

The ILO’s Youth Employment Project for Indonesia, the Ministry of National Education (MONE) and the Ministry of Manpower and Transmigration (MOMT) have introduced the Know About Business (KAB) and the Start Your Business (SYB) training programmes in selected schools throughout Indonesia. This is in recognition of the critical role education and training institutions play in spreading ideas about the value of business, providing information to young people on enterprise as a viable career option, and equipping young people with the necessary skills and knowledge to start their enterprises. The ILO has also adapted the SYB programme for use by out-of-school youth in Aceh.

5 Gibb, A. A. (1988) *Stimulating entrepreneurship and new business development*, International Labour Office, Geneva, Switzerland.

situations which develop their skills for action planning and implementation to encourage creativity and to develop their skills in time and personal management. It should be stated that the benefits of entrepreneurial education extend beyond the business realm; life skills such as confidence, communication and decision making skills are all generally fostered in entrepreneurial education programmes at all levels.

There are different types of enterprise education activities that can be used by schools, colleges and universities. These include:

- Whole-of-curriculum approach – where enterprise forms a part of every subject affecting all levels of the teaching curriculum;
- Cross-curriculum approach – also known as ‘education through enterprise’, this approach helps students develop enterprising skills such as risk-taking, initiative, problem solving and possibly encouraging students to start their own business;
- Enterprise programmes – usually business courses that enable students to plan and manage their own business;
- Introducing teachers to small business and industry through exposure programmes that aim to help teachers understand the dynamics of small business better and to appreciate the value of self-employment as a career option;
- Career information to introduce young men and women as early as possible to the concepts of enterprising behaviour and self-employment as a realistic post-school career option;
- Exposure to students of successful young entrepreneurs as role models through both informal and formal mentoring programmes;
- Development of school and industry links (‘industry in the class room’); and
- Campaigns designed to highlight the success and growth of youth enterprise.

#### **Box 8: Money Wise, Young Entrepreneurs; Thailand**

Kenan Institute Asia’s Money Wise, Young Entrepreneurs programme was established with GE Money Thailand in 2004 to help high school students learn the fundamentals of personal finance, entrepreneurship and business plan implementation. The programme is designed so that GE can use its financial, intellectual and human resources to contribute to the implementation of the programme.

GE hopes the Ministry of Education will integrate the Money Wise curriculum into Thailand’s formal educational system, so that personal finance and entrepreneurial skills can be distributed to a wide audience.

## **3.2 Business Development and Financial Services**

The provision of business and financial services is an essential ingredient for youth enterprise promotion. There have been great strides made in the provision of these services in recent years. However, not all of these have influenced the design and delivery of youth enterprise programmes.

In the past, the term used to describe ‘business development services’ (BDS) was ‘non-financial services’. In 1997, the international Committee of Donors for Small Enterprise Development coined the term ‘business development service’ to describe services that improve the performance of the enterprise, its access to markets, and its ability to compete.<sup>6</sup> BDS includes training, counselling and advice, developing commercial entities, technology development and transfer, information, and business linkages.

<sup>6</sup> Committee of Donor Agencies for Small Enterprise Development (1997) [www.sedonors.org]

The market in which business development services are designed and delivered has become an important consideration. The dynamics between the supply and demand for BDS have been examined more closely and underpin much of the debate concerning good practice in the BDS field. BDS providers are required to respond to the demands of small enterprises, but often these demands are hard to define. In the past, BDS providers relied on supply-oriented approaches because they believed small enterprises were unable to properly articulate their demand for development services, while others sought to look more closely at the ways small enterprises obtained the broader range of services they required to run their business.

### 3.2.1 Skills Development

The skills of enterprise development and management are important. Since there is no simple recipe for business development, the importance of enterprising skills and attitudes become clear.

Good practice in training young women and men in enterprise and business management means training should be designed around researched and known needs and the requirements of the particular industry, group or market segment. They should also be interactive – allowing students to question, discuss and work with the information being provided. Effective training programmes promote experiential learning by allowing students to learn by doing, building their knowledge through experience, and building upon participants’ knowledge base – moving from the known to the unknown. They should be flexible in structure, timing and materials used so that they respond to the needs and capabilities of the group. Training should be linked to the broader community – its resources, networks, markets and social structure, and should be delivered at an appropriate level so that it is understandable to a young person – this can include the language in which training is provided.

Know About Business (KAB) is a set of training materials for enterprise education that draws on the ILO’s successful experience in more than 20 countries. It seeks to develop entrepreneurial skills and prepare students and trainees to not only establish their own businesses in the future, but also to work productively in small and medium scale enterprises. KAB has been used in a number of countries in Asia, including the Philippines, Indonesia, Philippines and Viet Nam.

### 3.2.2 Business Counselling and Mentoring

It is important for all types of development workers – youth workers, business development officers, trainers, advisers and community workers – to be aware of their roles and responsibilities in promoting youth enterprise. This role has been summarised by the Commonwealth Youth Programme as

#### Box 9: Youth Enterprise Training; Brunei Darussalam

“Bright Ideas” is a training programme run by LiveWIRE in Brunei. This is how it is promoted to young people:

Come and join us for a two days of fun and learn about what it takes to be in business.

A two-day workshop for fresh participants who have no idea on what it takes to be in business. It mainly focused on business creativity and business mindsets necessary for start-ups. It fulfils the following goals:

- To raise awareness of self-employment and business start-ups as a realistic option among unemployed Brunei men and women.
- To provide an opportunity for young people to think through the implications of starting in business.
- To provide information about starting a business and to assist them to develop their business ideas.
- To offer personal counselling and referral to other training in preparation for starting their business.

7 Commonwealth Youth Programme (1991) Risk It - The youth enterprise manual Cross Reference Learning Materials 2, Commonwealth Secretariat, London, p. 43.

follows: ‘Youth workers are faced with the challenge of creating a climate and environment in which young people can learn to be enterprising. Young people must be able to develop the skills, in relative safety and take reasonable risks before venturing out on their own into real enterprises’.<sup>7</sup> In practice, this requires development workers to provide opportunities for considering, learning, exploring and testing enterprise ideas. Then, should a decision be made to begin a business, a development worker should provide support and assistance which responds to the needs, challenges and opportunities that face each young woman and man.

One of the most beneficial areas of support and advice that can be offered to young men and women starting in business is that of mentor support. That is, informal advice and guidance from someone who has good business experience and, in some cases, business networks that may assist a young person with little experience and few contacts.

In India, the Bharatiya Yuva Shakti Trust (BYST) states that its most beneficial service to young entrepreneurs is creating one-to-one linkages along the lines of the Guru-Shishya tradition, where the teacher (mentor) not only teaches, but also guides and helps to develop discipline.<sup>8</sup> The mentors of this organization, who are all interested professionals, give personalised advice and maintain regular contact with the youth enterprise. They monitor progress, help solve problems, and generally assist in the development of the enterprise. The mentor provides regular reports to the BYST Secretariat.

### **Box 10: Training for Rural Economic Empowerment, Philippines**

The Training for Rural Economic Empowerment (TREE) programme seeks to address the needs of local economies in post-conflict and poor areas of Mindanao. The target groups are the rural poor, specifically, women, disenfranchised male youth, and persons with disabilities. The project provides technical and advisory services to its partners in a range of areas, including needs-based skills and entrepreneurial training; assisting community groups in establishing and managing their own funds to finance small-scale enterprises; and assisting the community groups and individual beneficiaries in mainstreaming their resources into local economic development programs and into the formal economy.

### **3.2.3 Access to Finance**

Many of the difficulties young women and men face in obtaining finance for their business is due to their lack of previous business experience, the absence of sufficient collateral upon which the loan can be secured, or the result of a general bias against young women and men taking such initiatives. The result of this limited access to finance can be one of two things. Firstly, it may prevent a young man or woman from initiating their business idea. It is, obviously, impossible to determine the extent to which this factor alone prevents young people from starting their own business, but it is assumed that the number is considerable. The second result of limited access by young people to bank finance is that these people will begin a business which is under-capitalised. That is, the business viability is threatened as a result of limited access to finance.

To address the difficulties many young women and men face in securing the funds they require to properly start, operate or expand their own business, four general types of strategies and programmes have been used: the provision of grants, soft loans, access to conventional banking finance, and the creation and use of finance and support networks.

- **Grants for youth enterprise**

In a number of countries, youth enterprise has been promoted through the provision of grants. Whilst this approach generally has been superseded by loan schemes, there are still some examples

<sup>8</sup> The Guru-Shishya tradition reflects an Indian philosophy, in which three persons are depicted, one of whom is larger and is helping the other two.

of grant-based schemes. The issue of grant finance for self-employment ventures is a vexed one. The proponents of this form of business finance suggest that it balances the scales by assisting those young people who have been rejected from other conventional forms of finance because of their lack of collateral to start their business. Thus, young men and women with little collateral should not be prevented from starting their business given that they can demonstrate its viability and expected growth through a well-prepared business plan. The opponents to grant finance, however, suggest that businesses should not require free money (i.e., grants) to successfully establish; that these approaches circumvent the real problem of business finance without dealing directly with it. Instead of giving money to young people to start their business, programmes should help people to deal directly with the problem of access to capital.

- **Soft loans**

In preference to grants, a number of schemes can be found where low interest loans are provided to young entrepreneurs – usually through some form of revolving loan fund. In Canada, for example, the Canadian Youth Business Foundation runs a Specialised Youth Business Loan Programme designed to help young women and men, particularly those who are unemployed and under-employed, over the initial start-up phase of their own business. There are no collateral requirements ‘other than genuine commitment, appropriate business training, a valid business plan and agreement to a mandatory mentor programme’.

In India, the Bharatiya Yuva Shakti Trust (BYST) provides low interest loans up to Rs. 50,000, with repayments based upon projected cash flow. This money can be used on its own, or as leverage to gain additional funds from financial institutions.

- **Access to banking finance**

For many organizations it is preferred that young men and women are assisted into conventional finance schemes, rather than through specially designed loan schemes. Helping young women and men obtain such finance is usually achieved through advice and counselling in the preparation of business plans, introductions to banking officials and the packaging of continued support and mentor services. Loan guarantee schemes are sometimes used to provide an incentive for finance institutions to lend money to those without collateral. Such guarantee funds can be spread across many more businesses than grant funds because they may never be called upon. Some governments are adopting this approach. In Viet Nam, for example, the Socio-Economic Development Plan 2006-2010 states that government will ease the access to credit loans for young people.

In the context of policy challenges, however, it should also be noted that that should a young person’s business fail, debts to banks through conventional finance arrangements can become an additional burden and possibly impinge upon a person’s ability to secure finance for future enterprise.

**Box 11: Young Entrepreneurs Association of Malaysia**

The Young Entrepreneurs Association of Malaysia (PUMM) was established in July 1993 as a voluntary organization under the Society’s Act 1966. PUMM is composed of young entrepreneurs and executives that aims to produce quality entrepreneurs; encourage entrepreneurs into business ventures; create business opportunity through enterprise; provide a platform in training young entrepreneurs to adjust to rapidly changing markets; demonstrate successful businesses with positive and responsible business ethics; build entrepreneurial spirit and learn about business; upgrade business strategies in moving towards globalization; share life experiences with young entrepreneurs; unite the efforts of young entrepreneurs into a consortium; and help existing and potential entrepreneurs to realize their business ideas. By encouraging education facilities set up to cater to the existing and future needs of entrepreneurs, PUMM aims to take an affirmative step towards making the dream a reality.

- **The creation and use of finance and support networks**

The ASEAN Council of Youth and the Asian Youth Council provide valuable networks across the region that can be used to promote youth enterprises. There are also specific networks that can be developed to support youth enterprises more directly, such as the Angel Fund in New Zealand, a network established to help women gain access to business finance.

### 3.2.4 Access to Work Space

Finding a secure and safe place to work – one that is affordable, well located and with flexibility to accommodate business expansion - is a requirement of many young women and men who are establishing their own business. Shared workspaces or business incubators are property developments accommodating the start-up and early development of small nascent businesses. They provide small spaces on flexible terms and a range of back-up services including management support. The same commercial criteria that normally apply to all business activities also apply to the establishment and management of incubators. Tenants enter into a short term, flexible licensing arrangement, rather than a long-term lease, and centralised services such as reception and bookkeeping are provided, either as a component of the rent or on a user pays basis. Incubators and shared workspaces can be found in different forms in many countries; however, there appears to be few which specifically address the needs of young men and women.

### 3.2.5 Creating Support Networks

Isolation and a lack of support networks and business contacts are problems many young men and women experience. To address this, youth chambers of commerce or youth entrepreneurs clubs have sometimes been established. There are a wide range of roles a youth chamber of commerce can perform in an effort to help its members deal with those issues affecting young men and women in business, including, for example:

- Support networks between young people in business;
- Promote entrepreneurship and a culture of enterprise amongst young women and men;
- Promote linkages between the formal and informal sectors;

#### **Box 12: Young Entrepreneurs' Organization and World Entrepreneurs' Organization; Singapore**

The Young Entrepreneur's Organization (YEO) strives to help its members build upon their successes through an array of educational and networking opportunities. With more than 4,700 members in chapters around the world, the organization provides its members access to a network of peers at an international level. According to the web site, YEO's expanding membership includes entrepreneurs from virtually every size and type of businesses with members in more than 142 cities, spanning over 35 countries. More than just an entrepreneurial educational organization, YEO stresses the importance of personal development as an equal partner to professional achievements. Most of all, YEO is a personal experience founded on the principle that one learns the most from those who share similar experiences. Thus, the idea is to manage life's business and personal aspects with peers who with similar experiences.

The World Entrepreneurs' Organization (WEO) is the official graduate organization of YEO, and continues the tradition of serving entrepreneurs established by YEO. WEO is a global "graduate school" for business and personal enrichment and is an extension to the camaraderie and growth that YEO offers. According to its publicity, as the world economy relies more and more on entrepreneurial philosophies and practices, YEO will continue to foster and support YEO/WEO members and their companies. YEO aims to provide a safe haven for entrepreneurs to learn and grow. YEO continues to educate its members by providing the resources and support needed to build better businesses that will contribute to the welfare of surrounding communities.

- Represent youth business interests to government, commercial banks and other agencies affecting the livelihood of small business;
- Facilitate access to new learning experiences, such as internships, with established businesses or scholarships;
- Identify and address the problems or barriers experienced by young people in business;
- Promote and market businesses that are owned and managed by young women and men;
- Assist in the identification of new products, services and markets; and
- Facilitate access to business training and skill development.

The choice of roles is dependent upon many factors, including the specific needs of young people in business, the roles of other organizations and institutions, the capacity (financial, human and technical) of the chamber, and the support the organization is given by others.

Finally, the use of the Internet as a means of networking and as a source of information, referral and advice is becoming more popular. There are a number of Internet websites that deal with the issues affecting young men and woman in business.

\* \* \*

This chapter has presented a wide range of programme interventions that government can introduce to encourage and support young women and men to own and manage their own business. Very few, if any, of these interventions can be effectively undertaken by government alone. Business development requires a strong appreciation of the role of markets and a deliberate engagement with the private sector and employers and workers organizations. Though not all youth enterprises will succeed, with well designed and implemented programmes, young people who take up the enterprise challenge will be better able to meet the demands of a competitive national, regional and global marketplace.

### Box 13: Khmer Product Promotion

Khmer Product Promotion ( KPP) and its website [www.KhmerProducts.com](http://www.KhmerProducts.com) was initiated and established by a group of young Cambodian students. It was first launched in January 2004 with the aim of raising awareness of Cambodian enterprises and increasing the ability of local entrepreneurs to market their products to a wider audience. With voluntary assistance from Cambodian university students and technical support from Cambodian students overseas, KPP assists to market homemade products including agricultural products, handicrafts and original products, both from urban and rural areas by using youth and professionals as networking agents. On-line marketing, advertising and shopping provide new opportunities to Cambodian manufacturers and craftsmen to access worldwide potential buyers. KPP can also provide marketing expertise and advice to new businesses. Inexperience, lack of access to expertise and markets is a large barrier facing new entrepreneurs – especially youth. In providing this expertise and experience, KPP provides an example of how new entrepreneurs can be assisted to compete in the global marketplace.



# 4 Mechanisms for Delivering Youth Enterprise Programmes

This chapter examines two key issues in the design and delivery of youth enterprise programmes. The first is the use of development agencies. The second is the financing of youth enterprise programmes.

## 4.1 The Use of Development Agencies

There are conflicting views as to whether there is a need for specialised, youth-oriented, business support services, or whether young men and women should use the same general agencies and programmes as anybody else. Those who promote the latter suggest that the skills available in general support agencies are appropriate for working with young clients; by establishing specific youth agencies there is a risk of creating a ‘youth ghetto’ that is artificial and poor preparation for the ‘real world’. Such agencies also prevent young people from the opportunity of learning from older people.

However, the argument for specialised youth business support programmes has been presented by Business in the Community (UK), which says that young women and men as a group require more time and attention than others and this may exceed what general development agencies wish to provide one client. Some of the help young women and men need is unlikely to be required by older clients and therefore agencies specialising in young people can build up this expertise. Furthermore, to get the most from counselling, the client and counsellor have to empathise whatever their ages – staff trained and experienced in dealing with young men and women have a better chance of success.

Finally, youth enterprise programmes should highlight the success of young women and men in business, so that self-employment is seen as a viable career alternative. When delivering their programmes, the target group should be well defined, and services should respond to the needs, capacities and opportunities facing young men and women.

Effective enterprise development programmes focus on two aspects. Firstly, they should address areas of potential weakness or need. Secondly, they should maximise potential and draw on the capacity of young men and women. Programmes for young people that are based only on needs only emphasise what young people cannot do and what resources they need. It is important to ensure that the design of youth enterprise promotion services also involve the identification of the skills, experiences and abilities of young women and men.

Participation is seen as an important foundation principle for all effective youth development programmes, including enterprise promotion activities. The participation of young men and women in the design and delivery of enterprise support services helps workers in these programmes to develop an honest and trusting relationship with participants. It assists in the development of problem solving skills and helps to gain a sense of power over their own lives whilst promoting independence and self-sufficiency.

When providing an enterprise support programme for young women and men, it is important that the following key principles of effective enterprise promotion are represented:

- Commercial orientation – it must be recognised that business promotion services are not the same as welfare or social services; businesses have a productive capacity, they create profit, they can re-pay loans and can grow to employ others;
- Programmes should be based upon initiative – enterprise promotion services should be based upon the initiative and enterprise that comes from young men and women, not the programme itself;
- Improve the capacity to manage risk – effective enterprise promotion services do not remove risk, instead they help young people deal with the risks that are a part of every enterprise;
- Appropriate targets – to ensure young people are not treated as a homogenous group successful enterprise programmes identify variations amongst young women and men in their skills, experiences, status, needs, aspirations and capacity to obtain resources – all of which influence their ability to successfully establish and run a small business (key target groups may include out-of-school, migrant and disadvantaged young people);
- Comprehensive in nature – addressing one area of need or constraint to business development will not be sufficient if others exist; successful enterprise promotion programmes provide a wide range of services either under one roof (e.g., ‘one-stop-shop’) or in collaboration with other agencies;
- Complementary services – ensuring the training, advice and support complements other services; this is particularly important for young women and men are going through a variety of transitions (e.g., from child dependence to independence, from school to being self-employed);
- Equity – ensuring those in a position of disadvantage are assisted in ways that specifically address their situation, whilst remaining commercially oriented and sustainable; and
- Sustainability – the operations of the support programme must be cost-effective and not reliant on a single source of external support, be it technical, organisational or financial.

#### **Box 14: Youth Entrepreneurship Program; Philippines**

The Youth Entrepreneurship Program (YEP) seeks to establish a strong base of small and medium scale enterprises run by young entrepreneurs to help boost the country’s economy. The YEP is a comprehensive strategy that provides training and assistance for business plan development, access to credit and capital, mentoring, business incubation through the Young Entrepreneurs Industrial Park, market syndication and linking, business information networking and monitoring and assessment. The National Youth Commission (NYC) has networked with at least 20 chambers of commerce in priority regions in the country for the implementation of the YEP. In cooperation with the NYC, government finance institutions are setting up micro-finance facility for young entrepreneurs.

In some cases it has been found valuable to establish a specific youth enterprise support agency – providing business advice, training, information and access to funds, directly to young women and men.

## **4.2 Financing Youth Enterprise Support Programmes**

There is a range of possibilities to the financing of youth enterprise promotion programme, but no common or consistent theme. In some cases, donor funds have been used to support programme implementation whilst in others government have directly or indirectly (i.e., through managing agent contracts) supported these efforts.

Most youth enterprise promotion programmes appear to require a long-term commitment of funds. There appears to be very few opportunities for self-financing because most young people with business ideas have insufficient funds to pay for the full costs of training or advice. Where some programmes appear to have become financially self-sufficient from government or donor support these are usually narrowly

focussed activities designed to address a specific need. Broader development programmes appear to require more funds over a longer period of time. In many cases, those programmes that have survived over a long period of time have done so by mixing their funding sources. In these cases, funds and other resources use a combination of government support (some times on a contractual basis containing performance quotas), donor funds (where available), private sector involvement, community support and participation by young people themselves.

Whilst there is very little consistency across youth enterprise programmes in terms of financing there are some valuable points to note. Governments, for instance, often provide financial and technical assistance in the operation and management of youth enterprise programmes. This may be by directly administering a programme of support, or through contracting other agencies (i.e., community or private agencies) to provide these services on their behalf.

In developing countries, donor agencies perform a significant role in financing youth enterprise promotion activities. The private sector is often encouraged to support youth enterprise promotion because it contains relevant financial, technical and managerial resources, which can be of direct benefit to the programme or its beneficiaries. The benefits for a larger company to become involved in supporting a youth enterprise programme may include a more positive public profile or possibilities for new business (e.g., where a bank supports a youth enterprise programme it may encourage all new business owners to establish a bank account with them). Supporting this initiative can also provide new training and development opportunities for staff that may be seconded or contracted to the programme.

Community networks can also be used to finance or resource youth enterprise programmes in a number of ways including, for example through fund raising activities and by identifying mentors who can work alongside young business people. They can also help youth enterprise programmes obtain premises, equipment, volunteers or expertise to assist the programme's operation. Finally, assistance can be provided through community networks to link youth enterprise programmes to other community economic development activities (e.g., the identification of new development opportunities).

### **Box 15: Singapore's Entrepreneurial Talent Development Fund**

Singapore has recently begun a number of initiatives to promote an entrepreneurial culture. Although these measures are not aimed specifically at 'youth,' they utilize high education institutes and as a result benefit many young people, who naturally comprise a high proportion of those undertaking university study. In recognition that being entrepreneurial requires an individual to experiment, persevere and have some access to financial resources, in 2004 the Government and several leading institutes set aside resources through the Entrepreneurial Talent Development Fund (ETDF). This fund aims to encourage students in institutes of higher learning to implement their enterprising ideas and start business ventures. The funding is administered through the learning institutes, and students with enterprising business ideas may apply for a grant to match their own capital. In addition, two of the most prominent universities in Singapore – the National University of Singapore, and Nanyang Technological University, have begun entrepreneurial support programmes, aimed at encouraging students to develop business ideas.



# 5 Role of Key Stakeholders

This chapter examines the role of key stakeholders in the design and implementation of youth enterprise policies and programmes. While government is usually responsible for initiating policy and providing the broader policy and legal framework in which youth enterprise strategies and programmes take place, the private sector, employers' and workers' organisations and the broader community are required to play an active role.

## 5.1 The Role of Government

Governments have an opportunity to identify the particular needs, challenges, opportunities and capacities young women and men can bring to the formation and expansion of small businesses. Whilst the design of a national youth policy and national action plan provides the general framework for such efforts, so too do policies related to small business, industrial development, education as well as vocational education and training. Governments' role in youth enterprise policies, strategies and programmes, therefore, is generally found within the following spheres:

- Policy frameworks – where government develops a common framework for the delivery of youth employment services including those which support and direct the opportunities for youth enterprise promotion. This will usually involve inter-ministerial coordination (e.g. Ministries of Youth, Labour, Education, Trade, and Industry) and consultation with the private sector, employers' and workers' organizations and civil society.
- Programme design – where government develops specific programme and strategy interventions, which promote businesses that are owned and managed by young women and men. Specific government departments may be involved in delivering these initiatives. However, it has become more common for government to use partners (otherwise referred to as managing agents, collaborating institutions or intermediary organizations) to deliver these to the target group.
- Facilitating linkages – in some cases, governments can be involved in forming linkages between different stakeholders involved in youth enterprise development. This can include bringing youth agencies and business organizations closer together.

The choices governments make in supporting youth enterprise initiatives will often be influenced by national priorities as well as by the resources available to the state. Developing countries in the region would do well to focus their efforts on a policy framework that identifies the specific needs and opportunities for youth enterprise development. In such circumstances, the design and management of business development programmes is often best done in partnership with the private sector, which can apply its resources, know-how and contacts.

Governments that have more resources can consider a broader range of interventions that support youth development, with a specific focus on youth employment and enterprise concerns. While these governments can apply some of their own resources to the development of youth enterprises, it is important to ensure

that these interventions do not distort the market for business development services and that the private sector is constantly involved in these efforts.

## 5.2 The Role of employers organizations and the Private Sector

The role of the private sector in youth enterprise policies and programmes can be wide ranging. It includes the direct provision of enterprise advice and support – such mentor support – as well as programme sponsorships. Key private sector representative organizations, such as employer organizations, can play an important role in mobilising resources such as finances, business expertise and networks, to contribute to the success of youth enterprise development efforts. These organizations can forge coherent plans of action among the established private sector.

Business linkages are another common means of youth enterprise support by private sector companies. The promotion of business linkage opportunities can provide valuable new market opportunities for nascent small businesses. One of the first steps toward success in this field is to establish a goods and services database. Such a database can be used to identify small businesses and the goods and services they provided (this may include a rating of small businesses according to their competencies and experience); list goods and services required by larger businesses on a local and regional basis and provide contact points for introductions and initial discussions.

Other activities that can be used to promote business linkage include matchmaker fairs – an effective way to bring large corporations and small businesses together to begin to explore linkage opportunities. These fairs generate a great deal of interest in business linkage opportunities. Study tours and seminars can also be used to enable small businesses to learn more about the procurement practices and needs of large corporations provide another means through which small businesses can begin to identify linkage opportunities.

## 5.3 The Role of Workers' Organizations

Workers' organizations play an important role in supporting the sustainable development of youth enterprise. In many cases, the reality of youth enterprise is one of micro and small-sized businesses, often operating in the informal economy, where union awareness and membership are limited. Issues of skills mismatch and lack of business training among youth often generates businesses with short-term perspectives, characterized by low productivity and limited efficiency. To cut costs and survive in the market, young entrepreneurs tend to employ relatives and others under very weak contractual arrangements and poor working conditions.

Therefore, workers' organizations and cooperatives can support the development of youth enterprise by raising awareness and promoting organization within those micro and small entities. This is critical to ensuring that basic labour rights are complied with, bridging the formal and informal economies and improving the sustainability of youth enterprises.

### Box 16: Business Mentoring and Clinics in Viet Nam

The ILO is working with the Vietnamese Chamber of Commerce and Industry (VCCI) to establish business management-mentoring programme in Viet Nam. Under the programme, experienced foreign managers will mentor young Vietnamese entrepreneurs during the critical second or third year of the life of their enterprises. VCCI plans to collaborate with foreign business associations or groups of foreign businesses in the management of the programme.

In addition, a business management 'clinics' programme will be launched whereby experienced foreign business managers will participate in seminars on business management for young Vietnamese entrepreneurs. The business management 'clinics' will be seminar programmes held in the morning once a month. It is also proposed to tap on the materials and expertise of Singapore in the private sector training sector.

Furthermore, these organizations can work together with the organizations of employers in engaging the government. They can promote action on matters that have impact on youth enterprise. Examples are policies regarding education and access to finance among others, as basic financial literacy, business training and skills development are crucial for equipping young women and men with the necessary background to start and develop sustainable enterprises. In many countries, trade unions are working closely with educational institutions and TVET centres to update school curricula and skill profiles, introduce measures to reduce the number of school dropouts and incentives to encourage them to return.

## 5.4 The Role of Local Communities

The community sector can play an important role in the promotion of youth enterprise opportunities. Whether this is through local authorities, community-based organizations, youth clubs, non-government organizations, or religious organizations

Young women and men are an important, if often unrealised, source of skills, energy, creativity and vision for local communities. The mobilisation of young men and women in local development efforts is an important aspect of community economic development; not only because they are an important part of the community, but also because they are a potent resource that the community can benefit from.

There are two ways in which local communities can create an environment for youth enterprise. The first is by promoting young people's participation in economic planning and action. Local communities are coming to recognise the positive contribution young people can play in promoting economic change. Ensuring young people's representation on committees, task forces and any community economic development initiatives can do this.

The second is through specific measures directed to supporting business development amongst young women and men. Local communities can promote youth enterprise through a number of specific actions. Some of the most effective ways are to promote role models and raise awareness so that the potential for young women and men to become involved in business are recognised more broadly, by young people and the wider community.

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In conclusion, this document has recognised the strategic and unique roles that different actors can play in the promotion of youth enterprises. Government's leadership, coordination and vision for national development can be combined with the resources and expertise of the private sector, and the networks and support offered by local communities. Such leadership, coordination and vision are crucial to addressing the youth employment challenge and contributing to social and economic development in the ASEAN region. Cross-country collaboration and the sharing of good practices in youth employment and entrepreneurship across ASEAN+3 member countries can strengthen such efforts at country level.

